

Local Education Agency  
Ad Hoc Workgroup Meeting  
**October 1, 2008 Meeting Summary**

**Location:** Sacramento City Unified School District

**ATTENDEES:**

<b>Name</b>	<b>Organization/Title</b>
1. Liz Touhey	DHCS, Safety Net Financing Division
2. Bob Baxter	DHCS, Safety Net Financing Division
3. Rob Williams	DHCS, Safety Net Financing Division
4. Linda Allison	DHCS, Audits and Investigations
5. Laura Baynham	Mendocino County Office of Education (COE)
6. Sherry Purcell	Los Angeles Unified School District (USD)
7. Cathy Bennett	Sacramento City USD
8. Margie Bobe	Los Angeles USD
9. Anysia Drumheller	Butte COE
10. Sue Hamblin	Stanislaus COE
11. Cathy Bray	Los Angeles COE
12. Linda Davis-Aldritt	California Department of Education (CDE)
13. Marlene Burrue	San Joaquin COE
14. Cynthia White-Piper	San Bernardino City USD
15. Christine Mott	Fresno USD
16. Barbara Miller	Fresno COE
17. Christine Ridley	San Bernardino COE
18. Marjorie Rollins	Sutter County Superintendent of Schools
19. Kevin Harris	Navigant Consulting, Inc.
20. Gloria Eng	Navigant Consulting, Inc.
21. Julia Hanke	Navigant Consulting, Inc.

**Handouts**

Each participant received a folder with copies of the following: Agenda, updated Paid Claims Issues Matrix, Estimated Erroneous Payment Correction (EPC) Implementation Timeline, LEA Project Status Reports (April 2008 through June 2008), and Navigant Consulting's PowerPoint presentation. In addition, meeting participants received a copy of the LEA Workgroup Issue Track and LEA Training Subcommittee conference call summary.

**Purpose**

The meeting was convened by the DHCS in partnership with LAUSD. The purpose of the Workgroup is to improve the Local Educational Agency (LEA) Program. The emphasis of the meeting is to strategize various goals and activities aimed at enhancing the Medi-Cal services provided on school sites and access by students to these services, while increasing federal reimbursement to LEAs for the cost of providing these services.

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**Audits and Investigations (A&I) Presentation**

Linda Allison from DHCS A&I discussed the current and ongoing claim reviews studies conducted by DHCS A&I and the Centers for Medicare and Medicaid Services (CMS). Studies conducted include: Medi-Cal Payment Error Study, CMS Payment Error Rate Measurement, and random claim reviews. LEA claims make up a fraction of these reviews and generally reveal similar results. General findings revolve around services not documented properly and thoroughly. Examples include lack of documentation or no documentation for: services provided; type and extent of service; physician orders or minimum services for therapy services; and qualified practitioners and signatures.

California is one of the 17 states randomly selected for the CMS Payment Error Rate Measurement field study. Final results and findings are waiting to be published. One hundred claims are randomly selected for the weekly random claim reviews. These claims require LEA documentation prior to payment by EDS. The State Controller's Office is also currently conducting a Payment Error Rate review of LEA claims of which is independent from DHCS A&I. Ten LEAs were selected and 100 claims are being reviewed from each LEA. Findings are not complete and a report will eventually be published and posted online.

**Claims Processing Issues**

DHCS and Navigant Consulting, Inc. provided current status updates on the outstanding claims processing issues. Bi-weekly meetings between DHCS, Navigant Consulting, Inc. and EDS will continue to occur until the claims processing issues are resolved.

Provider Enrollment updated the second round of Category of Service (COS) updates for LEAs missing Targeted Case Management (TCM) COS as of June 23, 2008. These LEAs should no longer be receiving TCM claim denials. An additional eight LEAs still require updates to the EDS file, which will be completed soon.

Additionally June 23, 2008, a system fix was implemented to resolve claims processing issues related to reimbursement based on modifiers. Issues include: additional treatment service units cutback to three units; initial treatment service units reimbursed at the rate multiplied by the units billed instead of one flat rate; and 96150/96151 claims cutback to four units when the service was rendered to a student with an IEP or IFSP. Claims submitted after June 23, 2008 should be paying correctly.

On August 25, 2008, a system fix to resolve Other Health Care (OHC) and Managed Care denials was implemented. Claims should no longer be denying due to OHC and Managed Care eligibility.

Due to system constraints, claims processing issues that erroneously cutback treatment service claim units can not be reconciled to their original billed units for EPC reprocessing. EDS has suggested that after the EPCs are implemented, a provider

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may submit a Claims Inquiry Form (CIF) for any claims with original billed units greater than three units to be adjusted. Workgroup members noted that the CIF process would be a large administrative burden and requested that DHCS work with EDS to discuss possible alternatives.

**Action:**

What: Discuss potential alternatives to resolve restoring original billed units that were cutback with EDS.

Who: DHCS and Navigant Consulting, Inc.

When: Next bi-weekly meeting

**LEA Workgroup Issue Track**

**SB 231 2.5 Percent Withhold**

DHCS is currently finalizing the 2.5 percent withhold amounts for Fiscal Year (FY) 2005-06 and FY 2006-07. DHCS will review the original SB 231 legislation to determine if there is specific language regarding excess withhold amounts collected from LEAs. DHCS submitted two K-letters to EDS that have stopped the 2.5 percent withhold process for FY 2007-08 and start the 2.5 percent withhold for FY 2008-09. The withhold amount for FY 2007-08 did not meet the maximum of \$1.5 million. DHCS will discuss the requirements to automate the process to stop and restart the withhold in subsequent fiscal years. Currently due to system constraints, this must be done manually by DHCS.

**Action:**

What: Review SB 231 to determine if the bill specifies information or guidance regarding excess 2.5 percent withhold amounts.

Who: DHCS

When: Not specified

**Action:**

What: Provide documentation of 2.5 percent withhold amounts for FY 2005-06 and FY 2006-07 and determine a process for LEAs to recoup any excess withhold.

Who: DHCS

When: Not specified

**DHCS SB 231 Annual Legislative Report**

As part of SB 231, DHCS is required to write an annual report to the legislature. The 2006-07 report (April 2006 - March 2007) is currently with the Governor's office. The Workgroup will be notified when the report is released and published and a copy will be posted on the LEA Program website. The 2007-08 report (April 2007 - March 2008) is currently in Safety Net Financing Division for review.

**LEA Website FAQ Clarification**

Per the Workgroup's request, DHCS updated the FAQs and posted the latest version on the LEA Program website. This issue has been closed.

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CP-O-888 Report

DHCS is working with EDS to restructure the CP-O-888 monthly report to potentially make them useful in the CRCS process.

Provider Qualifications for Contracted Registered Nurses (RNs) in Non-Public Schools/Agencies

DHCS and Navigant Consulting, Inc researched nursing requirements and have determined that an RN contracted in a non-public school/agency requires a credential in order to supervise other nurses. The LEA Provider Manual will be updated, as necessary. The Workgroup also requested DHCS and Navigant Consulting, Inc. to research public health nursing qualifications.

**Action:**

What: Research and review public health nurse qualifications and update the LEA Provider Manual, as necessary.

Who: DHCS and Navigant Consulting, Inc.

When: Not specified

Amended Assessment Utilization Controls

DHCS is developing new utilization controls for IEP/IFSP amended assessments that will change to one amended assessment every 30 days per LEA beneficiary without requiring a paid initial, triennial, or annual assessment in history. Updating the current utilization control will require a System Design Notice (SDN) for EDS to change the claims processing system; changes will not occur until after the current claims processing issues have been resolved.

Seven Percent Interest Penalty on Overpayments

LEAs with outstanding Accounts Receivable (A/R) were charged a seven percent interest rate on the principal amount owed 60 days after notification of their outstanding balance. The seven percent interest charge on outstanding LEA debts has been officially waived by DHCS. EDS has completed calculating previously collected interest owed back to LEAs; LEAs should receive their reimbursements in the near future. This issue has been closed.

Data Match

Some Workgroup members reported that their billing software is retaining a Social Security Number (SSN) on claims when an eligible student's Beneficiary Identification Card (BIC) number is not provided on the MEDS Tape Match. This causes claims to deny with RAD code 0046 (SSN not permitted for billing Medi-Cal). DHCS recommends providers leave the BIC number blank and reprocess the claims after the 30 day waiting period for BIC numbers or contact their county office for a temporary County Identification Number (CIN).

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**Action:**

What: Submit claims for students missing BIC numbers using suggested DHCS alternatives.

Who: Cathy Bennett and Margie Bobe

When: Not specified

Claims Overpayment During June 2008 EPC Testing

Workgroup members requested clarification on claims that were erroneously overpaid at 100 percent during the warrant period of May 28, 2008 and June 4, 2008. A portion of testing code for the system correction for another claims processing issue was partially implemented prematurely. Due to this partial implementation some claims paid at 100 percent for the limited warrant dates. EDS recognized the issue and corrected it immediately and notified DHCS with the details of the issue. Any claims impacted will be reprocessed as a part of a future EPC.

Inflation of Current Rates

Inflation of current interim rates will occur after all claims processing issues have been resolved. EDS has been notified of the future rate changes.

One Percent Withhold

A one percent administrative fee is levied against LEA claims for claims processing and related costs. This includes: funding of positions within DHCS to support the LEA Billing Option Program and supporting DHCS Fiscal Intermediary – Contracts Oversight Division (FI-COD), which oversees EDS.

96101 Claims Suspending with RAD Code 0603

Some Workgroup members stated that some claims billed with 96101 are suspending with RAD code 0603 "Pending EDS Review." Sample documentation was provided to DHCS for further research.

LEA Training

An LEA subcommittee has been formed to focus and discuss future LEA training in early 2009 for LEA providers and billing vendors. The subcommittee held their first conference call on September 17<sup>th</sup> and discussed general training format and methods of delivery. Members identified the highest priority training topics to include CRCS, an update on claim submission requirements, and a presentation from DHCS Audits and Investigations. A module format for training was discussed. Subcommittee members are also researching the feasibility of posting modules on the Internet either as a Power Point Presentation with notes or as streaming video that could be accessed by LEAs unable to attend training in person. The next LEA Training Subcommittee conference call will be on October 22<sup>nd</sup>.

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**NAME Conference Update**

Several Workgroup members attended the National Alliance for Medicaid in Education (NAME) conference in Philadelphia, PA in September and discussed various presentations that they attended at the conference.

**Future Workgroup Meeting**

The next Workgroup meeting for DHCS and providers will be held in Sacramento on Wednesday, December 3<sup>rd</sup>.